

CONFIDENTIAL

MR 1-1095

24 JUL 1950

DCI

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MEMORANDUM TO: Chief, Special Support Staff

THRU: Assistant Director for Special Operations

SUBJECT: Shortage in Agency Funds
Base []

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- REFERENCES: a. Memo to DCI from ADSO, above subject, dated 11 July 50.
- b. Memo to ADSO from Ch, FDM, above subject, dated 10 July 1950.
- c. Memo to Executive from Legal Staff, above subject, dated 17 July 1950.
- d. Memo to ADSO from DCI, above subject, dated 3 July 50, enclosing rpt from Ch, Audit Div., IASS, dated 23 June 1950.

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1. Mr. [] has been separated from CIA for the convenience of the Government. The fact that no special circumstance is shown on his termination papers will indicate in any further review of this case that such termination was actually with prejudice.

2. The following action was taken in connection with this termination:

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a. All funds due Mr. [] on date of termination, including accrued pay and allowances and monies paid into Civil Service Retirement Fund, were withheld to be applied against the shortage in his accounts.

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b. Mr. [] signed a promissory note covering the entire amount of the shortage as determined in enclosure to reference "d," which makes him liable for collection action in connection with any remainder not covered by the application of monies now due.

3. No suit will be entered against Mr. [] in view of Agency security requirements. Later determination will be made, however, in coordination with the General Counsel as to the feasibility of collection action through the General Accounting Office should direct methods prove ineffectual.

4. No disciplinary action will be instituted against the station chief or the division chief in this case. It is assumed, however, that continuing action will be taken to insure improvement of methods and controls in connection with handling government funds at foreign stations and that close supervision will be maintained in the future by station chiefs in view of avoiding shortages of this nature.

Signed - to ADSO 7/24/50.

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R. H. HILLENKOTTER

Copies to:

General Counsel

Ch. IASS

Base address

Release 2003/07/29 : CIA-RDP80R01731R001300170009-5

Director of Central Intelligence

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21 Jul 50)